

**TRANSMITTAL AND NOTICE APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 9 8 — 0 5

2. STATE: MA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID) Title XIX

4. PROPOSED EFFECTIVE DATE

April 1, 1998

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 U.S.C. 1396r-4; 42CFR 447

7. FEDERAL BUDGET IMPACT: *

a. FFY 98 \$3,600

b. FFY 99 \$3,600

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Pages 24, 27, 27a and 27b of Attachment 4.19A(1)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Pages 24 and 27 of Attachment 4.19A(1)

10. SUBJECT OF AMENDMENT:

Acute Hospital Inpatient

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Not required under
42 CFR 430.12(b)(2)(i)

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Bruce M. Bullen

14. TITLE:

Commissioner

15. DATE SUBMITTED:

May 21, 1998

16. RETURN TO:

Bridget Landers

Coordinator for State Plan

Division of Medical Assistance

600 Washington Street

Boston, MA 02111

17. DATE RECEIVED:

May 21, 1998

18. DATE APPROVED:

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

April 1, 1998

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Ronald P. Preston

22. TITLE:

Associate Regional Administrator, DMSO

23. REMARKS:

OFFICIAL

*State Plan Under Title XIX of the Social Security Act
State: Massachusetts
Institutional Reimbursement*

4. Non-Profit Acute Care Teaching Hospitals Affiliated With a State-Owned University Medical School

- a. Subject to Section IV.C.4.b, the inpatient payment amount for non-psychiatric admissions at non-profit acute care teaching hospitals affiliated with a state-owned university medical school shall be equal to the hospital's FY98 cost per discharge calculated as follows:

The data used for this payment will be from the most recent submission of the hospitals' or predecessor hospitals' DHC403 report(s). Total hospital-specific inpatient non-psychiatric charges are multiplied by the hospital's inpatient non-psychiatric cost to charge ratio (calculated by using DHC403, schedule II column 10, line 100 minus column 10, line 82 for the total cost numerator, and schedule II column 11, line 100 minus column 11, line 82 for the total charges denominator) to compute the facility's total inpatient non-psychiatric cost. The total Inpatient non-psychiatric cost is then multiplied by the ratio of the hospital-specific non-psychiatric Medicaid discharges to the total hospital non-psychiatric discharges to yield the Medicaid Inpatient non-psychiatric cost. The Medicaid inpatient non-psychiatric cost is then divided by the number of Medicaid non-psychiatric discharges to calculate the Medicaid cost per discharge. This Medicaid cost per discharge is multiplied by the inflation rates for those years between the year of the cost report and the current rate year, as set forth in section IV.B.2.a.

- b. Any payment in excess of amounts which would otherwise be due any non-profit acute care hospital affiliated with a state-owned university medical school pursuant to section IV.B is subject to specific legislative appropriation and intergovernmental transfer.

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*State Plan Under Title XIX of the Social Security Act
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Institutional Reimbursement*

5. Public Health Substance Abuse Disproportionate Share Adjustment

Hospitals eligible for this adjustment are those acute facilities that provide hospital services to low-income individuals who are uninsured or are covered only by a wholly state-financed program of medical assistance of the Department of Public Health (DPH), in accordance with regulations set forth at 105 CMR 160.000 (attached as Exhibit 8), and DPH's ISA with the Division of Medical Assistance (Division). The payment amounts for eligible hospitals participating in the Public Health Substance Abuse program are determined and paid by DPH in accordance with regulations at 114.3 CMR 46.00 (attached as Exhibit 8) and DPH's ISA with the Division.

6. Children's Medical Security Plan Disproportionate Share Adjustment

Title XIX hospitals eligible for this adjustment are those that provide hospital services to low-income children who are uninsured, not enrolled in the MassHealth program and eligible for the Children's Medical Security Program, established by M.G.L. c. 111, §§ 24F and 24G (attached as Exhibit 9). The payment amount for eligible hospitals receiving payments, pursuant to the Children's Medical Security Plan, are determined and paid on a periodic basis by the Department of Public Health under an interagency service agreement with the Division of Medical Assistance as the Title XIX single state agency, and in accordance with M.G.L. c.111 §§ 24F and 24G.

7. Disproportionate Share Adjustment for Non-Profit Acute Care Teaching Hospitals Affiliated with a State-Owned University Medical School

a. Eligibility

The Division shall determine, effective April 1, 1998, a disproportionate share payment adjustment for non-profit, acute care teaching hospitals that have an affiliation with a state-owned university medical school. In order to be eligible for this disproportionate share payment, the non-profit acute care teaching hospital must:

- (1) enter into an agreement with a state-owned university medical school to purchase from the medical school (a) such medical education activities as are described on Exhibit A attached hereto, (b) clinical support, and (c) clinical activities (collectively, "the purchased services");
- (2) pay the state-owned university medical school for the purchased services in an amount which is the lower of (x) the medical school's costs for such purchased services or (y) an amount equal to the difference between (a) the aggregate reimbursement paid to the hospital by the Division in accordance with Section IV.C.4 above, Section IV.C.2 of Attachment 4.19B(1), and this Section IV.D.7; and (b) the reimbursement which would otherwise have been paid to the hospital by the Division if the hospital were not affiliated with a state-owned university medical school;

*State Plan Under Title XIX of the Social Security Act
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- (3) have a common mission as established by state law, with the state-owned university medical school dedicated to train physicians, nurses, and allied health professionals according to high professional ethical standards and to provide high quality health care services;
- (4) be the subject of an appropriation to the Division which requires the state-owned university medical school to make an intergovernmental funds transfer in an amount equal to 50% of the appropriated amount;

and the public entity (the state-owned university medical school) obligated to make an intergovernmental funds transfer does in fact meet its obligation in accordance with the appropriation referenced in clause (4) above.

b. Payment amount

The Division provides eligible hospitals with instructions relative to the filing of cost reports necessary for calculation of the adjustment and calculates an adjustment for eligible hospitals. This adjustment shall be reasonably related to the costs, volume, or proportion of services provided to patients eligible for medical assistance under Title XIX, or to the low-income patients, and equals the amount of funds specified in an agreement between the Division of Medical Assistance and relevant governmental unit. For purposes of this adjustment, the Division shall deem the costs of the medical and paramedical educational services specified in Exhibit A to constitute costs of services provided by the hospital to patients eligible for medical assistance under Title XIX, or to low-income patients. This disproportionate share adjustment will reimburse only those costs which have not otherwise been reimbursed and will be paid subject to the availability of federal financial participation.

EXHIBIT A

EDUCATIONAL ACTIVITIES

Educational activities are organized or planned programs of study which enhance the quality of patient care in an institution, are necessary to meet the community's needs for medical and paramedical personnel, and in which the non-profit acute care teaching hospital affiliated with a state-owned university medical school may participate through offering clinical training on site at the hospital. To the extent that medical or paramedical personnel enrolled in such educational programs participate in clinical training at the hospital, they must be licensed if required by State law or receive approval from the recognized national professionals.

Recognized medical and paramedical educational training programs may include: nurse anesthetists, professional nursing, practical nursing, occupational therapy, physical therapy, x-ray technology and professional medical education (i.e., interns, residents, and medical students) (collectively, "educational programs"). Any other appropriate educational programs in which the provider intends to participate can be subject for consideration by the Division of Medical Assistance.

Education activities may also include the normal operational costs of : orientation and on-the-job training for educational program personnel; part-time education for bona fide employees of the hospital or affiliated state-owned medical school; travel expenses for employees of the hospital or affiliated state-owned medical school related to increasing quality of care; maintenance of a medical library; training of a patient or patient's family in the use of medical appliances; education of students of the state-owned university medical school, whether or not the students participate in any clinical training at the affiliated hospital site; clinical training of students not enrolled in an approved education program and any other appropriate operational costs approved by the Division.

Calculation of the educational activities costs are determined by deducting from total educational activities costs the revenues received from tuition. Total educational costs consist of the costs of any clinical training activities which take place on site at the hospital as well as the costs of classroom instruction and other educational activities which take place on the site of the state-owned university medical school with which the hospital is affiliated. Total costs include trainee stipends, compensation of teachers, and other direct or indirect costs.